

Chapter 26

Mobile Devices and Advertising: Perceptions and Opportunities

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ABSTRACT

This chapter discusses ways of rethinking and reconfiguring advertising models and tools, in order to explore all the potential of mobile devices. The chapter presents a literature review on perceptions and opportunities related to mobile devices and advertising, focusing themes such as branded content, branded apps, advergames, second screening and m-commerce. It also presents results from an exploratory qualitative study conducted in Portugal on perceptions about mobile devices and advertising, based on 4 focus groups with users of mobile devices aged between 18 and 35 years old. The empirical results show that users have negative perceptions and attitudes towards traditional advertising models, such as banners, pop-ups and pre-videos on YouTube. On the contrary, they use some branded apps and value both engagement and community building and providing useful services and information. Thus, opportunities, possibilities, preferences and dislikes were discussed.

BACKGROUND

Portugal is a very interesting country to explore the role and impact of mobile devices, as Portuguese users have been early adopters of mobile technologies since the beginning of their dissemination. In fact, in 2004, Portugal already had a penetration rate of mobile phones higher than the European average – 95% vs 88% (ANACOM, 2004).

In Portugal, TMN was the first mobile network operator created in 1991. In that same year, Telecel (now Vodafone) was born and took the lead until 1995. However, when TMN launched the first prepaid plan that allowed them to conquer the leadership of the market. Later, in 1998, Optimus (currently NOS)

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was born. In 2002, ANACOM attributed the leadership to TMN with 45% of the market, Vodafone with 33% and Optimus with 22%.

In the first period of its history, mobile phones were a technology used mostly by the elite or businessmen. In fact, as in the world in general, it was the introduction of prepaid price plans that made this device adopted by the public in general. Despite the importance of the prepaid plans to generalize the adoption of the mobile phone, Portugal witnessed another revolution in the impact of these devices in everyday life. In the spring of 2008, prepaid price plans called Extreme and Extravaganza (Vodafone), Moche (TMN) and Tag (Optimus) were implemented. With a fixed monthly fee of around 10 euros, it allowed users to make free calls, video calls and send free MMS and SMS to everyone who belongs to the same price plan (Botelho, 2013).

Youths saw in these price plans a possibility to fulfill all their communicational wishes and needs within a reduced budget. It was this same motivation that led them, in the genesis of the mobile phone, to adhere to prepaid price plans and, consequently, appropriating and diffusing a technology initially used and designed for a minority. In this sense, in Portugal, the development of these specific price plans made possible the use of mobile phones that drastically transformed society's *modus vivendi* through the creation and development of new practices (Botelho, 2013).

In 2009 the mobile phone penetration rate worldwide (ITU, 2009) was 61.1% and 121.3% in the EU (ANACOM, 2009). Portugal surpassed these averages with a penetration rate of 140.6% (ANACOM, 2009). By the year of 2015 the mobile phone penetration rate reached 163 per 100 habitants (ANACOM, 2016) and the technologic consumer goods industry registered a total of 737 millions euros.

2013 was the first year that the demand for smartphones surpassed the traditional mobile phones in Portugal. Of the 4.12 million devices sent to the stores, about 2.13 million - corresponding to 52% - were smartphones. This shift followed the international trend. By the end of February 2016, 68% of the Portuguese were using smartphones (Marktest, 2016).

The age group between 15 and 34 has the highest penetration rate of smartphones. Also, the penetration of smartphones was higher among students and individuals with higher incomes, higher levels of education and living in the Greater Lisbon and Porto.

By the end of 2015, IDC estimated that the smartphone market in Portugal, as in other European countries, only grew 8%, significantly lower than the 24% growth recorded in the previous year. This reflects well the difficulties of manufacturers in attracting users to the latest news result of the scarcity of innovations during the last 2 years.

In 2015, it was registered a growing focus on smartphones from the medium range (with values between € 150 and € 300). Brands were betting on bringing to the mid-range features high-end phones. For users this means that the quality of the screens, the quality of the cameras, the speed of the processors, among other features, are already accessible to a larger number of people.

According to a study made in Portugal by Kaspersky Lab, smartphones became an extension of ourselves, with 19% of Europeans and Portuguese taking their smartphone to bed. 70% of the Portuguese reported (Cisco, 2014) that sending and receiving emails is the most frequent task performed, followed closely by social networking activity (63%). A little more than half use these devices to read news.

Smartphones also contribute to expose users to many dangerous situations if not used in the right moments: 7 out of 10 people admit using their smartphone while driving. Not just to talk: 61% send SMS; 40% consult social networks; 33% send emails; 28% access the internet; 17% selfish; 12% watch videos; 10% speak for video chat.

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